

Agenda Date: May 28, 2009

Item Number: B3

Docket: TG-090548

Company Name: Torre Refuse and Recycling, LLC, d/b/a Sunshine Disposal and Recycling, G-260

Staff: Layne Demas, Regulatory Analyst
Dennis Shutler, Consumer Protection Staff

Recommendation

Take no action, allowing the proposed revised rates to become effective June 1, 2009, by operation of law.

Discussion

On April 16, 2009, Torre Refuse and Recycling, LLC, d/b/a Sunshine Disposal and Recycling (Torre or company) filed with the Utilities and Transportation Commission (commission) a new Tariff No. 2 that would generate approximately \$560,000 (21.5 percent) in additional annual revenue. The tariff revisions propose to increase rates for solid waste collection. Torre serves approximately 5,800 residential and commercial regulated customers in Spokane County. This is Torre's first rate filing since acquiring the service area from Waste Management in 2007. The proposed rate revisions are prompted by increases in disposal fees, maintenance costs, labor and benefits, and fuel expense.

Staff's analysis shows Torre's proposed rates are excessive. Staff and company have negotiated revised rates that will generate approximately \$538,000 (20.6 percent) in additional annual revenue. On May 18, 2009, Torre filed substitute pages with the commission.

Customer Comments

A total of 24 customer comments have been received to date; 22 are opposed and two are undecided. Please note: Customers often address several issues of concern within one comment. Therefore, subtotals may not equal the total number of comments submitted.

Consumer Protection staff advised customers that they have access to all company documents pertinent to this rate case at www.utc.wa.gov, and that they may contact Dennis Shutler at 360-664-1108 with questions or concerns.

Filing Documents and Methodology Comments

- Six customers commented that the company uses fuel expenses as a component of the rate increase request, even though fuel costs have gone down. Two customers stated they believe the current fuel surcharge should be removed.

Staff Response

The fuel surcharge expired earlier this year and the company did not renew it.

Service Quality Comments

- Four customers stated charges should not be billed when services are not provided, such as, not providing service during inclement weather.

Staff Response

Companies are not required to credit for missed pickups, if the company collects what was missed once conditions permit.

Business Practices Comments

- One customer questioned when he received the notice, suggesting that he was not allowed adequate time to comment.

Staff Response

The customer was advised that a 30-day notice to all affected customers is required, and in this case the company provided 37 days notice.

- Two customers commented on the company not offering recycling.

Staff Response

Staff advised the customers that decisions to recycle are made through a solid waste management plan approved by local governing officials. For questions or comments about the design of their recycling program, they should contact their city or county solid waste division.

General Comments

- Nineteen customers believe the amount of the increase is unacceptable and unaffordable due to already high rates, increased cost of living and today's economic conditions. One customer believes all current services and rates should be frozen until the economy improves.

Staff Response

Staff advised customers that state law requires rates to be fair and reasonable for customers, and sufficient to allow the company the opportunity to recover reasonable operating expenses and earn a reasonable return on investment.

Rate Comparison

<u>Residential - monthly rates</u>	<u>Present</u>	<u>Proposed</u>	<u>Revised</u>
One Mini Can per week	\$11.15	\$15.00	\$15.00
One 32 gallon Can per week	\$14.10	\$18.00	\$17.75
One 64 gallon Cart	\$21.60	\$26.00	\$25.50

**Commercial - per pickup (Camano Island
only)**

	<u>Present</u>	<u>Proposed</u>	<u>Revised</u>
One Yard Container	\$13.95	\$18.00	\$18.00
Two Yard Container	\$24.95	\$31.00	\$31.00

Commission staff has completed its review of the company's supporting financial documents, books and records. Staff's review shows that the expenses are reasonable and required as part of the company's operations. The company's financial information supports the revised revenue requirement and the revised rates and charges are fair, just, reasonable, and sufficient.

Conclusion

Staff recommends the commission take no action, allowing the proposed rates to become effective June 1, 2009, by operation of law.